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ABSTRACT

Most Chicanos live in relatively well-defined areas called "barrios" within urban areas. These barrios are growing in population density due to such long-term forces as the: (1) declining opportunities in rural areas due to the gradual labor displacement and/or the bleak economic prospects faced by the smaller farm in this country; (2) continuing population influx of legal or illegal Mexican nationals; and (3) continuing intensive physical segregation and racism which keeps residents of Chicano barrios from moving out. The majority of the Chicano community depends on its labor power for its economic livelihood. Yet, in April 1970 the unemployment rate was 6.1% for Chicano males; only 61.8 percent of the male household heads and 23.7 percent of the female family heads worked full-time year round. This paper presents a descriptive economic analysis that will build on what are considered major premises and conclusions of research on the Chicano community to date. Alternative means and implications toward economic development of the barrio as they have appeared since 1960 are described and assessed: private sector-public sector cooperation; promotion of Chicano capitalism; reform of the entire mechanism of public goods provisions; community economic self-determination; and Trickle Down Approach. (NQ)

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TOWARD ECONOMIC DEVELOPMENT OF THE CHICANO BARRIO:

ALTERNATIVE STRATEGIES AND THEIR IMPLICATIONS

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TOWARD ECONOMIC DEVELOPMENT OF THE CHICANO BARRIO:
ALTERNATIVE STRATEGIES AND THEIR IMPLICATIONS[1]

I. INTRODUCTION

The sixties brought a dramatic change in the nature of the Chicano's struggle toward liberation in this country. ~~First~~ To begin with, for the first time in history there are signs that the Chicano has been able to free and extricate himself from the psychological bonds of defeatism and inferiority imposed upon him since the signing of the Treaty of Guadalupe Hidalgo. There is now growing belief among Chicanos that they themselves can and should take hold of their existence and determine their future. Second, the struggle that in the late forties and fifties was almost exclusively in terms of a press for civil rights (narrowly defined to include the right to vote, proper due process under the law, equal education, but to exclude almost everything else, especially equality in economic opportunity) has taken on a new dimension. The Chicano community is now asking questions about employment accessibility, skill development and Chicano Capitalism, and is seeking the means to economic development.[2]

Much of what has been written by Chicanos about the means for development of the Chicano suffers from a glaring omission of a discussion of the economic dimension of development. "The economic aspect in particular needs to be much more thoroughly researched than it has been to this point," lament a group of Chicano social scientists. [Barrera, Munoz and Ornelas, p. 467] This paper seeks to carry out a descriptive economic analysis that will build upon what in our opinion, are major premises and conclusions of research on the Chicano community to date. We will also render an

assessment of what we believe constitutes a reasonable solution to the economic disparity of the Chicano community. Needless to say that much of what will be expressed here is a function of the way in which we perceive reality. The paradigm upon which we will build our economic analysis and from which we will extract a menu of "ameliorative" policy measures works from a basic premise that the contemporary institutional framework of American society is the chief cause of economic deprivation for all minorities and that the only way to effect meaningful change is through a fundamental transformation of that institutional framework.

II. OBSTACLES IN ECONOMIC DEVELOPMENT OF THE CHICANO BARRIO

Contrary to a popular myth, the Chicano nation is preponderantly an urban people. That is to say, a vast majority of the Chicano community depends on non-rural types of jobs for its economic support. Within the urban areas, most Chicanos live in relatively well-defined areas referred to as "barrios." (The majority of Chicanos are concentrated in the five southwestern states of Texas, New Mexico, Arizona, Colorado, and California.)[3] These ghettos of the Southwest are growing in population density due to several long term forces: (1) the declining opportunities in rural areas due to the gradual labor displacement and/or the bleak economic prospects faced by the smaller farm in this country; (2) the continuing population influx of legal or illegal Mexican nationals; and (3) the continuing intensive physical segregation and racism that keeps residents of Chicano barrios from moving out. The high birth rate, relatively large mean size of family, and low median age of the Chicano clearly points to a relatively high dependency ratio.[4] Moreover, there are signs that more and more families in the Chicano community are being headed by a female (12.8% in 1970). In

many cases, high separation rates (without divorce) was precipitated by the requirements imposed by state and local governments on AFDC recipients.[5] Since families are large and children are young, the female head of family is made to look for assistance at the local welfare office.

The economic strain on Chicano families can further be pictured by looking at the evidence on unemployment and subemployment statistics. In April 1970 when the unemployment rate for white males was 3.6%, for Chicano males it was 6.1%. In that same year only 61.8% of the Chicano male head of households worked full-time year round, and only 23.7% of female family heads worked full-time. In the five Southwestern states, those Chicano males that did work were largely employed as craftsmen and in kindered jobs and in operatives with median earnings at roughly $7200 and $6000, respectively (at 85% of earnings for whites in those same categories, in both cases). Roughly one-third of the Chicano population had an income under $5,000 in 1970 and only about 9% with an income over $15,000.[6]

Since 1970 the economic situation for all minorities has worsened considerably, of course, due to a deterioration in the aggregate economic situation. We will argue that even if there is a significant improvement in the rest-of-the-economy, the economic situation in the barrio will not appreciably improve. The persistent rise in barrio population, the existence of marked dual labor markets which keeps Chicano labor tied to the (economically inferior) secondary labor market, results and will continue to result in keener competition for a limited number of jobs in low-wage labor markets among barrio residents. Since the barrio essentially depends on its sole export - labor power - for its economic livelihood, the barrio's economic prospect looks gloomy.

This brings us to the next major contention of this paper. Several black social scientists as well as Chicano scholars have chosen to draw the analogy between Third World colonies and ghettos.[7] In this interpretation, which we accept as a useful paradigm, the barrio is an internal colony of the United States (much as the black ghetto and Indian reservations are internal colonies).

> We believe that an internal colonial model is a more efficient means of singling out significant aspects of the Chicano's situation, more accurate in establishing cause-and-effect relationships and more realistic in the kinds of solutions it suggests.[8]

Several issues with respect to this analogy should be mentioned. First, the barrio is different from the external colony of classical imperialism vintage in that the citizens of the barrio are fully included in the legal-political system, formally, whatever the informal realities may be. In an external colony, the colonized population is wholly or partly excluded from equal participation in a formal sense.

Second, the economic relations of the barrio to the rest-of-the economy closely parallel those between Third World nations and industrially advanced countries [Tabb, 1970, Chapter 2]. Economically, a colony is of great benefit to a Mother nation if for nothing else as a source of cheap raw materials which can be extracted from the colony and used in the production of goods and services. That this concept aptly describes the relationship between the economy of the dominant society and the economy of the barrio, consider the standard economic development textbook list of characteristics of an underdeveloped nation, typically with a long history of colonization: (1) low per capital income relative to that of dominant society, (2) relatively high birth rate, (3) small middle class,

(4) low rates of labor productivity increase, little capital formation and saving out of current income, (5) high labor intensive production processes, (6) heavy dependence on external markets for products and services, and (7) vasts amounts of absentee land and other property ownership.

The present structural relationships of the barrio economy to the economy of the dominant society gives testament to just such a colonial relationship. One can conceive of two types (classified according to ownership) of businesses operating in the barrio: (1) those owned and operated by Chicanos, and (2) those owned by residents of dominant society. Both types are preponderantly in personal services and wholesale and retail trades and since for the most part confined to local barrio markets, they require small amounts of labor, too small to absorb the available labor supply in the barrio. Further, the profit made by non-Chicano owned business exists the barrio economy and little is left for meaningful future expansion. Extremely low income levels generated within the barrio results in low saving. Profit drains and inadequate saving thus retard capital formation. Low capital investment, in turn, implies a low rate of economic growth and creation of new jobs. The Chicano must seek work outside the barrio. The fact that the barrio exports vasts amounts of labor at relatively low wages but imports finished goods at relatively higher prices points to the classic case of a small underdeveloped country losing out in the international trade market because the terms of trade are against it.

Third, suppression of the colonized by the colonizer is not limited to the economic dimension. As Chicano political scientists and sociologists have pointed out, there are psychological, sociological and political aspects

as well. At the institutional level Chicanos suffer from a general lack of control over those institutions that affect their lives.

> At the individual level, the colonized individual finds that because he identifies himself with a particular culture, he is confronted with barriers that prevent him from achieving the economic, social and political positions which would otherwise be accessible to him. At the same time, he finds himself under psychological assault from those who are convinced of his inferiority and unworthiness.[9]

Fourth, the outward manifestations of forceful control and domination of the barrio - from the widespread use of Ku Klux Klan and Texas Rangers' repressive measures, disenfranchisement techniques at the polls, through the poll tax and gerry mandering - have in the past twenty years been slowly replaced by what some call subtle forms of domestic neocolonialism. Robert Allen (1970) and William Tabb (1970) speak of the emphasis dominant society places on the development of the Black bourgeoise which would act on behalf of the Anglo elite and status quo.

> In any colony there is always room for bright natives to hold responsible and important positions - though not at the very top. Education and acceptance of the goals and outlook of the colonial power were (and are) the requisites for the acquisition of such jobs by natives. The acculturated natives can serve as minor functionaries in the ghetto, as they did extensively in the British empire. They act as middlemen between other natives and the colonist businessmen who can then reside "abroad." Natives who are brought into the system not only directly serve the colonial power but also an example to others of how working hard within the system can bring advancement. Their success suggests that others who work can make it as well, and that those who do not are not to blame for their own failure.[10]

In the Chicano community, similar positions have been made available for a number of Chicanos. There are several that have been excluded, however, through the system of economic, social and political barriers that

come with personal and institutional discrimination. But more important, however, is that the various governmental programs of the 1960s and 1970s that would function to aid the Chicano in his misery are, in fact, forms of domestic neocolonialism. In a very real sense when one takes a very close look at the anti-poverty program that now proliferate without any realistic strategy against it, one is reminded of examples of U.S. "foreign aid" to "friends" abroad. When a country accepts foreign aid, it leaves itself open to foreign control, domination and subjugation. (The "foreign aid" from federal, state, and local governments has meant in some cases violently offending the civil rights of Chicanas by social case workers, for example, who would raid into sex lives of Chicanas to insure they were "not keeping a male" while on AFDC. It has meant the devastating effects of urban renewal relocation, punishment for speaking Spanish in high schools, and degradation at the welfare office and planned parenthood clinics.)

Much like any other colony of the U.S., the current governmental programs that come closest to providing assistance to a barrio resident - income assistance (welfare), social services, housing, manpower development - have as a chief goal, the implicit intention of preventing the larger segment of the Chicano population from interfering with the well-being as well as to quiet the conscience of dominant society. There is too much to lose by a complete elimination of the colony. Agribusiness of this country gains from the lax enforcement of immigrant laws governing illegal Mexican labor, [Briggs, 1974; Stoddard, 1975] as well as from the research that is directed toward improving the productivity and profits of the larger farmer which in several cases leads to a displacement of the Chicano

laborer [Hightower, 1972]. Slum landlords gain from lax or nonexistent housing code enforcement [Downs, 1968]. Big business gains from several of the manpower training programs jointly administered by the federal government and large corporations [Neubeck, 1974] that provide for the business sector a more-skilled labor force at the cheapest cost possible to the employer while the worker is not even guaranteed a job at a living wage.[11]

It is against this background, then, that we need to describe and assess the alternative means and implications toward economic development of the barrio as they have appeared since 1960. We will be specifically concerned with governmental public policy measures that can be used by a cognizant Congress and Administration to slow down the rate of the deterioration in the Chicano community.

III. ALTERNATIVE STRATEGIES TOWARD RESOLUTION OF ECONOMIC PROBLEMS OF THE BARRIO

A. STRATEGY I: PRIVATE SECTOR-PUBLIC SECTOR COOPERATION

In actuality, this strategy involves the enactment of two separate types of programs of action: (1) the location of corporate enterprises in or near barrios and (2) the creation of employment opportunities for residents of barrios. It is bonded together by the common feature of a dominant reliance on private industry subsidized by public funds, a measure which is likely to receive (and has received) widespread approval among legislators at all levels. The role of the government in this overall strategy is to provide incentives in the form of investment tax credits, subsidies for hiring and training minorities and other allowances that would serve to make such ventures for private business lucrative.[12]

The most early form of corporate involvement was in the manpower programs seeking to establish on-the-job training program (1962), followed by Job Corps (1965), Concentrated Employment Program (CEP 1967), and the Lyndon Johnson inspired National Alliance of Businessmen JOBS program (1968), and Nixon's Neighborhood Youth Corps (1969). The NAB-JOBS version initially called for 700 companies in five cities to bid on contracts to hire first and train later and in return, the government would pay all extra training costs (above the usual training cost which a company would normally bear ($3,000 per training period). Enrollees were to be hired immediately; basic education training, and supportive services were to be provided after hiring. In order to qualify, each contractor had to promise at least fifty jobs and submit to standard reporting, monitoring and financial controls. When business complained at the prospects of Department of Labor monitoring, Lyndon Johnson announced that NAB (chaired by Henry Ford II) would then lead in the administration of the program. Henry Ford marketed the program in the business community by showing business how it could profit by participating: (1) less unemployment would bring with a safer environment to the city in which firms could function; (2) ghetto residents with money would mean more spending; (3) welfare expenditures would thus be reduced meaning less government spending and lower taxes.

To date there has been little auditing or follow-up and so an assessment of the program is almost next to impossible.[13] However, one can reason that more training or improved skills does not necessarily guarantee a job, nor does a job guarantee an adequate income. A sizable problem is that several barrio residents "working full-time, or nearly full-time, are

still not able to earn enough to keep themselves or their families out of poverty. They require regular, but small, supplementation in order to raise their incomes to minimum standards of adequacy." [14] With the present federal poverty level at $4,540 ($380 per month) in an urban area for a family of four, a man working for $2.00 an hour minimum wage for 40 hours a week and 52 weeks a year will gross $4,160. Given that the average Chicano family size is above the neat four that the poverty line is set for leaves one to wonder about the efficacy of such measures.

Another aspect of the private-public sector partnership has been the offer by the government of direct incentives in the form of low-interest business loans to improve the infrastructure of areas with high chronic unemployment and to make these areas more attractive to new business. An essential argument is that since the work mobility of ghetto dwellers is limited, an alternative to improving the transportation system of the urban area is to induce new businesses to locate in the area. A second argument is that central cities can be kept alive by a properly designed government program to keep and even expand existing manufacturing inside the central city. Three of the most highly publicized Black ghetto efforts are Aerojet-General's Watts Manufacturing Co., EG&G's Boston's Roxbury metal manufacturing plant and IBM's cable production plant in the Bedford-Stuyvesant section of Brooklyn. Presumably, efforts could be expended to attract industry into or near the larger barrios of the Southwest such as in Albuquerque, El Paso, Phoenix, etc. There is, however, no guarantee that such a measure is workable. On the one hand

> those communities that have succeeded in ~~having~~ luring industry reflect diverse conditions and have offered various subsidies and inducements.

> Success has often been the product of intangible ingredients. Also, past experience with government incentives has been concentrated in rural communities or smaller cities, and the lessons learned are not necessarily transferable to the large central cities.[15]

On the other hand, these policy measures raise serious questions concerning the effects on barrios. Would not these programs intensify the ethnic concentration in the barrio population as expanding employment opportunities induce additional population migration into barrios? Do we really expect present barrio residents to be pleased at having to relocate so that a factory can be built where their homes now stand? Will the firm that does locate in or near the barrio generate the type of jobs likely to absorb the barrio labor force? Will the locating industry simply absorb a cheap labor force and maintain the cycle of poverty by paying subsistence wages or will its presence substantially improve economic conditions? Is it desirable to perpetuate the system of White-owned corporate dominance over the barrio?

In our view there is a danger with the type of policies that involve the private sector to the extent called for by the type of programs enunicated above. This type of foreign aid is largely transient in character and can be withdrawn or reduced to suit the need for corporate management to redirect in resources elsewhere. If manpower programs are to be continued they should be substantially restructured to insure that the private sector makes an earnest effort at improving the marketable skills of the disadvantages.[16,17]

B. STRATEGY II: PROMOTION OF CHICANO CAPITALISM

One of the most debated questions in the past related to economic

development of the black ghetto has been that of black ownership of the means of production.[18] The same arguments that have been advanced to support development of black Capitalism can be extended to all minorities. Here, we list the two less specious one. Accordingly, 1) increasing ownership and/or management of business units would be a vehicle by which successful bargaining and interaction can take place between Chicanos and Whites; 2) this measure would go a long way to closing the growing gap in ownership of production means between Whites and Chicanos.[19]

Three different activities are usually implied by the promotion of minority Capitalism. First, barrio residents are to be given financial and technical assistance to purchase and operate barrio businesses now owned by outsiders. Second, barrio residents are to be trained and financed to start up entirely new businesses. In the eyes of many, this is most promising.[20] Finally, larger corporations are to be induced to establish subsidiaries in the ghetto, gradually transferring ownership and operation to local residents. A variety of minority capitalism that has received widespread support among the radicals calls for total community ownership of capital as opposed to ownership in the hands of a few. (This will be discussed under Community Economic Self-Determination.)

In this strategy as implemented in the Nixon Administration, the Small Business Administration played a significant role and presumably would continue to do so. Assistance in the form of small loans and counseling by SBA staff was provided. Under Nixon, Operation Mainstream, as the minority Capitalism program was called by SBA, failed. Tabb stands firm when he says

> in endorsing black capitalism, President Nixon clearly had in mind strengthening the black middle class in the hope that this would weaken the influence of militants; certainly to the President there was nothing sinister involved here...Creating a few black Capitalists in any case is certainly less expensive than improving the situation of the majority of black ghetto dwellers...The response of the federal government has not only been more rhetorical than real, but has been exceedingly conservative in the type of programs initiated--conservative in funding but also in conception.[21]

Politically, Chicano Capitalism as a strategy is more aligned with current American ideology than Community Economic Self-Determination (to be discussed below). However, this observation does not imply that the realization of Chicano Capitalism in an inevitable event. A possible consequence of this strategy is that a few more Chicanos will emerge as middle class businessmen. If it is true that capitalists lack scruples, another possible consequence of this strategy is that more Chicanos will now do this exploiting. Finally, if White Capitalism, through political manipulation, will continue to define the boundaries of Chicano Capitalism, we fail to visualize how the latter will ever be a force comparable to its White counterpart.

C. STRATEGY III: REFORM OF THE ENTIRE MECHANISM OF PUBLIC GOODS PROVISION

Education, health care, and housing are factors which directly affect worker productivity. Those unable to work are affected by the system of government transfer payments--welfare, AFDC, Social Security, etc. Since worker productivity affects income-earning power, in a market-oriented economy, it is imperative that the current inadequate supply of these social goods to barrios be improved. Moreover, the mechanism must be improved for a more effective delivery of these goods. The problems of inadequacies here

has long been recognized in social analysis and the conclusions from the political liberal camps point out that improving the governmental mechanism which provide these services will enhance the economic status of minorities.[22]

Together with such reforms, concerted efforts must be directed at dealing with institutional discrimination, limited employment opportunities and low wage rates on a much more intensive scale than has been customary.

The Kennedy, Johnson and Nixon administrations have all pursued, in their own amorphous fashions, reform of the total governmental mechanism for social services. Although the "welfare state" is now a facet of the American political system, these reforms and reform proposals have been piece-meal in approach. Our sentiment is that future proposals are likely to continue along these lines.

D. STRATEGY IV: COMMUNITY ECONOMIC SELF-DETERMINATION

This strategy initially received Congressional attention in 1968 when Senator Jacob Javits proposed the Community Self-Determination Act. The legislation was intended to mobilize underutilized human resources in economically deprived areas, by delegating decision-making responsibility to its residents. The Act as conceived would create community development corporations (CDCs) which would own businesses and/or act to attract and channel capital funds into individual barrio and ghetto enterprises. All businesses operating in the barrio, for example, would belong to CDC and would hire and train barrio residents. Voting stock would be sold at $5 per share or an equivalent amount of "sweat equity," with each member receiving one vote regardless of holdings. The initial capital would be matched by a federal grant, and further funds would be raised through the public sale by Community Development Banks, whose voting stock would be wholly

owned by CDC. CDC profits would in part be used to distribute dividends to barrio shareholders and also to invest in socially necessary goods and services, e.g., schools, libraries, etc. The end purpose of the programs would be to enhance the economic base and political power of the barrio through united action.[23]

Preferred tax treatments would enable CDCs to develop their economic endeavors. CDCs and subsidiaries would pay (under the Javits proposal) only 22 percent on income under $25,000 and 48 percent on income over this amount - compared with the 28 and 54 percent paid by other corporations. Dividends paid to a CDC by its subsidiaries would also be tax free.

A significant part of the CDC is the proposal to offer special tax concessions to private firms entering into "turnkey" agreements with CDC. Under such agreements, corporations would establish plants, provide training for CDC personnel, and eventually turn over ownership and management of the facility to CDC. In return the firm would be granted several tax incentives, including accelerated amortization on its turnkey plants and a 10 percent deduction for wages paid to CDC members.

If there is a single strategy which comes close to meeting the demands of Chicano radicalism for self-determination and separation it is this one. There may be insurmountable difficulties with this strategy, however. First, it has yet to be demonstrated that corporate America is likely to turn over a profitable business concern irregardless of the lucrative tax concessions. It would be more likely to sell out small and marginal firms, in which case the desirability of this is questionable. Second, the attempts of this strategy are beyond the confines of traditional economic experiences in America. The essence of Community Self-Determination involves a

solidarity in action to alleviate barrio problems by barrio residents as they see fit, an idea which is, in large part, contrary to competitive capitalism. The success of this plan hinges upon the making of a profit and then utilizing these profits to meet social goals. The programs called for would involve considerable leadership and planning within barrios and ghettos. Decisions about

> how many people are trained, how many businesses are started, the number of housing units built or rehabilitated as well as the number using local contractors and labor[24]

will have to be made internally in order to implement the desired changes, Tabb maintains.

Most important is the implications of stressing a different set of motivational-behavorial patterns from that of white America. For example, an attempt to provide or stimulate a sense of communality that is truly pervasive and apart from the norms of competitive, individualistic white society is part of the plan. Tabb makes this clear,

> It may be...that the best way to develop the community is by not stressing individual achievement as measured by private profit, inasmuch as higher profits can more easily be made outside such communities. The individual who accepts the view that he judge success this way will be strongly encouraged to abandon his community. If, instead, a collective ethic prevails, the individual will attempt to measure up to the expectations of parents and friends and will thus seek group approval through service.[25]

It is not entirely certain that within the Chicano community there exists in abundance the types of individuals as [redacted] Cesar Chavez or Corky Gonzales that have the rare and unique charismatic spirit, business acumen and the requisite social conscience to tackle these kinds of tasks.

E. STRATEGY V: TRICKLE DOWN APPROACH

In true traditional American liberalism, it is conventional to argue that poverty and unemployment can be alleviated by government policies aimed at augmenting the productive capacity of the economy (economic growth) and the achievement of full employment.[26] While the U.S. economy most probably can augment its growth rate and achieve full employment, the costs are beyond public acceptability.

In the first place, it is a standard economic proposition that the reduction of unemployment implies a rise in inflation. Middle and upper income America would most likely be more concerned about inflation than unemployment as it takes note of the dwindling value of its income. The outcome would most surely be a reversal of a public policy of full employment.[27]

In the second place, the structural forces that affect the inflation-unemployment tradeoff are too immutable. Big business and labor unions with monopolistic control over the wage-price-output determination mechanism are not likely to stand still at the threat of government sanction.

In the third place, the evidence is not clear that more growth in the rest-of-the-white economy significantly affects its colonies. The hypothesis that an accelerated growth also increases the flow of benefits to the ghettos and barrios, the so-called "Trickle Down" hypothesis, has not gone without challenge.[28] But even if the hypothesis is correct and every Chicano could be employed, there is no guarantee that poverty would be eliminated.[29]

IV. TENTATIVE CONCLUSIONS

There exists as many criteria on what would constitute an optimal

strategy against the deterioration of the barrio as there exists strategies. First, we assert that any realistic and lasting solution must be based on the dissipation of the colonial relationship itself. Accordingly, public policy measures that essentially exacerbate neocolonialism are not acceptable. Second, increasingly the voice of the barrio must be heeded. It is reasonable that Chicanos must have a greater role in policies that affect their welfare. Third, an end to the physical aspects of colonialism is a necessary but not a sufficient condition to ending poverty in the barrio. (Just as India has not necessarily developed following its emancipation neither can we expect automatic development of the barrio if and when the colonial ties are severed.) The dissolution of the internal colonial situation is a prerequisite to effective functional socio-economic integration. Now, functional socio-economic integration should not be confused with a complete cultural assimilation of the Chicano nation into dominant society. Functional socio-economic integration does mean cooptation in a very organic sense where a Chicano can live and survive on equal terms with members of dominant society while still clinging to his culture. More important, however, is that the process of integrating two societies works both ways. Dominant society must condenscend and acquise just as much as the Chicano nation is expected to condenscend and acquiesce. This means that personal and institutionalized racism must go. And, as several social scientists claim, to the extent that Capitalism and its institutions foster and perpetuate racism, it will be necessary to have fundamental changes in those institutions. These types of changes are slow in coming. For the immediate future some temporary measures must be taken. These measures must be realistic and attuned to the realities of existing political and

economic constraints. Specifically, it is possible to, in the short run, take as constant the system itself and to devise programs that will make improvements in the barrio, however small they may be, while at the same time working for the more needed long run changes.

Accordingly, we must submit programs of development to tests of political efficacy and economic feasibility. Some strategies call for the enactment of programs that judging from past experience go against the grain of the traditional U.S. political system and are thus likely to meet strong opposition in the enactment process and even if they were to become reality would be doomed to failure because the opposing vested interest would (1) impose huge obstacles through inadequate funding, unrealistic requirements, etc., and (2) arouse public sentiment against such programs.

In spite of the shortcomings, we have alluded to above in our discussion of Strategy II, we feel that attempts to accelerate the supply of trained minority businessmen, and efforts to promote Chicano Capitalism on a broader scale than ever would be well spent. Inroads would be made into strengthening the middle class of the Chicano population and perhaps even into building a basis for greater economic and political power of the Chicano nation which is necessary to break up the internal colony relationship. Education will play an important role in this program, of course. Second, even though a fully-employed economy is impossible, it would be desirable to have a stable and expansionary economy so as to minimize the losses to the barrio in the form of unemployment and/or underemployment. Finally, for the present and for those Chicanos who will, for whatever reason, remain at the bottom of the income scale, their needs will have to be met in terms of an improved welfare, housing, health care

distribution system, and improved manpower training.

Accordingly, programs that call for an involvement of the private sector as we have discussed under Strategy I are to be judged as undesirable on grounds that such programs would most probably intensify or at least not minimize the colonial ties of the barrio to dominant society. Moreover, although politically it might be acceptable to subsidize private business to undertake efforts of social consequence, to a very large extent these programs call for an alteration to the market processes, and "experience to date with urban partnerships programs has shown that attempts to alter market processes can have little more than a marginal impact."[30] This would certainly be un-American and eventually lead to a premature abortion, a fact attested to by the NAB-JOBS. In addition to being politically undesirable they are also economically inefficient.

> Businessmen can be induced to work for socially desirable ends but only when these ends do not endanger the profitability of their businesses. Not only must these costs be subsidized, but incentives must be given for doing extraordinary things which involve uncertainty, risk, and a large change of failure. The costs of luring a firm to the ghetto are more than the higher operating costs. Clearly, it is expensive to swim against economic current, whether fostering locations in an unattractive business environment or promoting the hiring and training of poorly qualified workers. The resulting costs may mount geometrically with the expansion of the program, and the distortions in the market place may have additional serious side effects.[31]

Likewise, even though programs to effect community self-determination such as through the formation of CDCs would go a long way in dissolving the colonial relationships, for the present they are politically and economically not feasible for reasons outlined in the discussion of that Strategy.[32]

If, in fact, we move closer to solving the short-run problem of economic development of the nation's second minority by these means, we can then start to think about how to achieve a more decent society in the long run. For now, no matter how modest, our efforts should be properly designed and directed.

NOTES

1. This is the third written version of this paper. The first version appeared in La Raza Habla, Fall, 1973. All of the ideas contained in this effort have formed discussion topics in my course in Economic Development of the Chicano Barrio during the Fall semesters of 1973 and 1974. I am grateful to the several students who enrolled in that course who critically questioned everything I said, especially Beth. I am likewise obliged to my colleagues at New Mexico State University who were generous with their support that took several forms and especially to Andy Preziosi for his particularly incisive thinking on several issues and for his audacity to inflict me with it. Finally, a very special thanks to Mrs. Alicia Hernandez, faithful secretary, who has done much beyond the call of duty in grappling with this and several other projects.

2. A particularly keen historical account of these latest developments as they have evolved since the Treaty of Guadalupe Hidalgo is in Rodolfo Alvarez (1973) (see the attached bibliography). He, as several Chicano scholars, maintain that the case of the evolution of the Chicano nation is its sui generis.

3. The 1970 Census indicates that 83.5 percent of Persons of Mexican birth or parentage resided in metropolitan areas with 47.4 percent living in the central city and 36.0 percent outside the central city. Only 16.5 percent lived outside the metropolitan areas. This compares to 74.3 percent for the Negro residing inside the metropolitan area. Vernon M. Briggs, Jr., [1973] objects to the uncritical use of these figures: (1) "the definition of 'urban area,' however, is one that includes all towns with a population of 2,500 or more. If one considers the proportion of population residing within...SMSA's, Chicanos had the lowest percentage . . . of the three major racial grouping [Anglos, Nonwhites, and Chicanos]," (p. 6) and (2) "Chicano as a group are less urbanized than is readily apparent from statistics pertaining to domicile. Unlike the agricultural experience of blacks in the Southwest, there has been little need for Chicanos in the Southwest to reside on the land where they work." (p. 10) Briggs is probably correct. His reasoning is based on the 1960 Census, however. As the figures show, in 1970 more Chicanos were employed in urban related jobs than in rural related jobs. (See Manpower Report of the President, 1973.)

4. In 1970, mean family size in the five Southwestern States was 4.38 (compared to 3.56 for all races, 4.11 for Blacks, 3.49 for Whites). Median age of Chicanos in that same year was 18 years. Briggs [1973] reports that "fertility rates for Chicanos are 70 percent higher than those of Anglos in the Southwest," (p. 7). One definition of the dependency rate as a measure of how many people in families depend upon one source of income is to form the ratio of the number of persons not in the labor force to the number of persons in the labor force (though such a measure is fought with difficulties stemming from the meaning of "labor force.") Using this definition of the dependency rate we get 1.89 for Chicanos compared to 1.76 for Blacks. Once again, these figures come from the Manpower Report of the President, 1973.

5. Clair Wilcox [1969], p. 233.

6. See Manpower Report of the President, 1973 for these statistics.

7. Blauner and Tabb [1970] use this analogy with reference to Black ghettos. Moore [1970], Barrera, Munoz and Ornelas [1972] develop the analogy for the Chicano barrio case, with an emphasis on the political dimension.

8. Barrera, et. al., p. 480.

9. Barrera, et. al., p. 485.

10. Tabb, p. 27.

11. A specific example of such a federal government subsidy to the business sector is the JOBS program which commits government to pick up the tab for training costs of an unskilled worker when such costs surpass $3,000 per trainee.

12. As very useful and informative report on the corporate role is that given by Neubeck [1974]. He traces the development of large corporate involvement in urban problems throughout the early sixties when it began (1962) with MDTA under which 2,000 corporations have since provided OJT under Federal subsidy for unemployment urban manpower. See also Levitan, Mangum and Taggart [1970] from which we have drawn heavily in the discussion of Strategy I.

13. Levitan, et. al., [1970], p. 24 and "After all the available data and studies have been examined and after national, regional, and local interviews have produced conflicting information, it must be admitted that the basic questions (about the success of the program) remain unanswered. Many employers have undoubtedly made significant contributions to the welfare of disadvantaged workers and their families, but no one can say how much difference the program has made," p. 32.

14. Barth, Carcagno and Palmer, p. 14.

15. Levitan, et. al., p. 46.

16. A thorough study of the efficiency of this type of public policy measure has been made by McLennan and Seidenstat, New Businesses and Urban Employment Opportunities [1974]. Their arguments are too numerous to discuss here in their entirety.

17. Some believe that manpower training should be reoriented in the direction of public service employment, where government would become the employer. See Sheppard, Harrison and Springs, Introduction to Part I [1972].

18. See William Tabb [1972], Henderson and Ledebur [1970], and Bluestone [1971].

19. See Tabb [1970], Chapter 3.

20. The Nixon Administration gave this approach its endorsement. McLennan and Seidenstat, enthusiastically support any national strategy that would increase the supply of minority businessmen.

21. "Viewing Minority Economic Development as a Problem in Political Economy," American Economic Review, Papers and Proceedings, May 1972, pp. 33-34.

22. A thorough study of the current income maintenance system in this country is that of Barth, Carcagno, and Palmer [1975].

23. Examples of CDCs now in operation include "El Mercado" in East Los Angeles, the Green Power Foundation of Watts, and the particularly successful 10/36 program of Philadelphia formerly headed by Reverend Leon Sullivan in which 3,000 Philadelphia residents agreed to invest $10 a month for thirty-six months in a "peoples installment stock market plan," and which made possible the opening of the $2.5 million Progress Plaza. See Levitan, Mangum and Taggart for an excellent discussion of CDCs from which this abbreviated discussion is taken.

24. Tabb [1972], p. 37.

25. Ibid, pp. 35-36.

26. This may be an exaggeration since lately among the cognizant in the liberal camp there are a few that now recognize that such a policy is a necessary but not necessarily a sufficient condition. For an example see Barth, et. al., p. 12. Better yet, see Galbraith [1973].

27. The recent refusal of the Federal Reserve Bank central authority to reduce interest rates because of its fear of more inflation attests to this.

28. Anderson [1964], Galloway [1965, 1967], Aaron [1967], Harrison [1972].

29. Consider, once again, that all the nation's poverty-stricken families, roughly 75 percent, are headed by able-bodied men who have full-time jobs all year long. In the barrios 30 percent of the Chicano families had incomes below $5000. Barth, et. al., p. 25.

30. Levitan, et. al., p. 83.

31. Ibid.

32. For the present the system of revenue-sharing especially as has been incorporated into the recent Housing and Community Development Act (1974) is the closest we can expect to come to self-determination.

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